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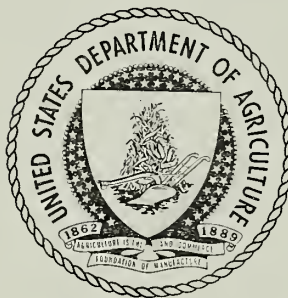
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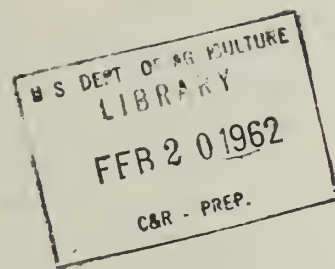
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# ***How America's Abundance Works for Peace***

UNITED STATES DEPARTMENT OF AGRICULTURE  
in cooperation with  
DEPARTMENT OF STATE and  
INTERNATIONAL COOPERATION ADMINISTRATION

October 1960

**T**he term Food-for-Peace represents the concept that only with an adequate food supply can the world's people make the kind of progress that helps to assure peace.

**T**he Food-for-Peace program supports the upward progress of the less developed part of the world. In practice, it calls for broad sharing of food resources by the "have" nations with the "have not" nations. This greater sharing of world food supplies has

both utilitarian and humanitarian implications:

It provides expanded outlets for the agricultural abundance of exporting countries.

It strengthens the economic development efforts of recipient countries and helps them to achieve progress in a free and democratic way.

**T**he image that the United States is building among the hungry peoples of the world is tangible. It cannot be blotted out with propa-

ganda. By using food as a major instrument of foreign policy we are doing what the communists would like to do but can't.

**A**rnold Toynbee has said, "Our age will be well remembered, not for its horrifying crimes nor its astonishing inventions, but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race."

Prepared by the Foreign Agricultural Service  
United States Department of Agriculture





## *How America's Abundance Works for Peace*

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The Food-for-Peace program has helped us turn a seeming liability into an asset. Not long ago we looked upon our agricultural surpluses almost wholly as a problem. Now we are beginning to see that part of the abundance made possible by our efficient agriculture is serving us well in the area of foreign economic policy.

It has become evident that when we export farm products through the Food-for-Peace program, we are doing much more than widening overseas outlets for our abundance--important as that is.

First of all, the sharing of our abundance with needy people is a highly desirable end in itself. Through this sharing we seek to demonstrate our understanding and friendship for the many millions of recipients in the newly developing areas of the world.

Second, by relieving hunger and promoting economic growth in these areas, we are strengthening their capability and their will to resist aggression and subversion. That is one of the keystones of our American foreign policy.

Third, our food, technical assistance, and other aid are promoting economic development among needy peoples.

Fourth, this economic development will eventually mean expanded markets for American farmers and businessmen.

**T**he enlarged role that American agriculture can play on the world stage was called to public attention by President Eisenhower in January 1959, when he said, in a

message to Congress, "I am setting steps in motion to explore anew with other surplus producing nations all practical means of utilizing the various agricultural surpluses of each in the interest of reinforcing peace and the well-being of friendly peoples throughout the world--in short, using food for peace."

The program that has come to be called Food-for-Peace encompasses operations initiated several years ago.

Important to the effort are the special programs carried on under Public Law 480 (the Agricultural Trade Development and Assistance Act of 1954). The special programs include sales of U.S. food and fiber to dollar-short countries for foreign currencies; barter of surpluses for strategic and other materials; and donations. Extensive operations also are carried on under the Mutual Security Act.

**O**verall accomplishment of the Food-for-Peace effort is far greater than is generally realized.

Since 1954, a total of 6,425 shiploads of surplus farm products has moved overseas under the special Government programs. These shipments, which had a market value of well over \$7 billion through 1959, were in addition to commercial agricultural exports with a market value of \$14 billion, which were sold for dollars.

The 4-year wheat-rice agreement negotiated by the United States and India in May 1960 was a milestone in the Food-for-Peace program. Totaling \$1.3 billion, market value,

this is by far the biggest single grain transaction in history. It includes:

587 million bushels of wheat (half of a U.S. wheat crop).

22 million hundredweight of rice (half of a U.S. rice crop).

On the average, a shipload of food a day will move to India under this program.

Another phase of Food-for-Peace involves helping needy foreign countries produce more of their own food supplies. For example, more than a thousand U.S. agricultural technicians are working in many of the newly developing countries imparting American farming know-how to foreign producers. In addition, substantial amounts of foreign currencies generated by Public Law 480 are being loaned or granted to foreign governments for agricultural improvement.

Food-for-Peace is a cooperative effort. The Departments of Agriculture and State and the International Cooperation Administration have major responsibility within the U.S. Government, but several other agencies, notably the Export-Import Bank and the Development Loan Fund, also are playing a part.

There has been cooperation in other directions.

Some food donations are carried on through American private, nonprofit, charitable agencies. Two large international organizations also are helping to channel U.S. donations to the needy.

In the meantime, other free world nations are rendering vital aid to foreign people in distress. Some of this aid is extended on a country-to-country basis, some through and in consultation with international organizations.

In the latter category is the Wheat Utilization Committee, on which are represented

the major wheat-exporting countries -- Argentina, Australia, Canada, France, and the United States. This committee, with the United Nations Food and Agriculture Organization as an adviser-observer, is investigating the possibility of increasing and making more effective coordinated use of wheat surpluses to promote economic development, improve nutritional standards, and expand world commercial trade in wheat.

## ABUNDANCE, PRESENT AND PROSPECTIVE

With the Food-for-Peace program we are associating the need for food abroad with our agricultural capability.

American agricultural science, technology, and education are highly developed. In this country the increase in technology has been, as nuclear scientists would put it, "exponential," each new development tending to trigger others.

This agricultural know-how, coupled with fundamentally rich natural resources, has pushed U.S. productivity to the highest level in the nation's history. In 1959, total farm output in the United States set a new high. Crop production was 44 percent above what it was in 1939. Livestock output was 53 percent above the 1939 level.

During this period there was a steady decline in the number of farm workers. In 1939 workers numbered 11.3 million. By 1959 the work force had dropped to 7.4 million.

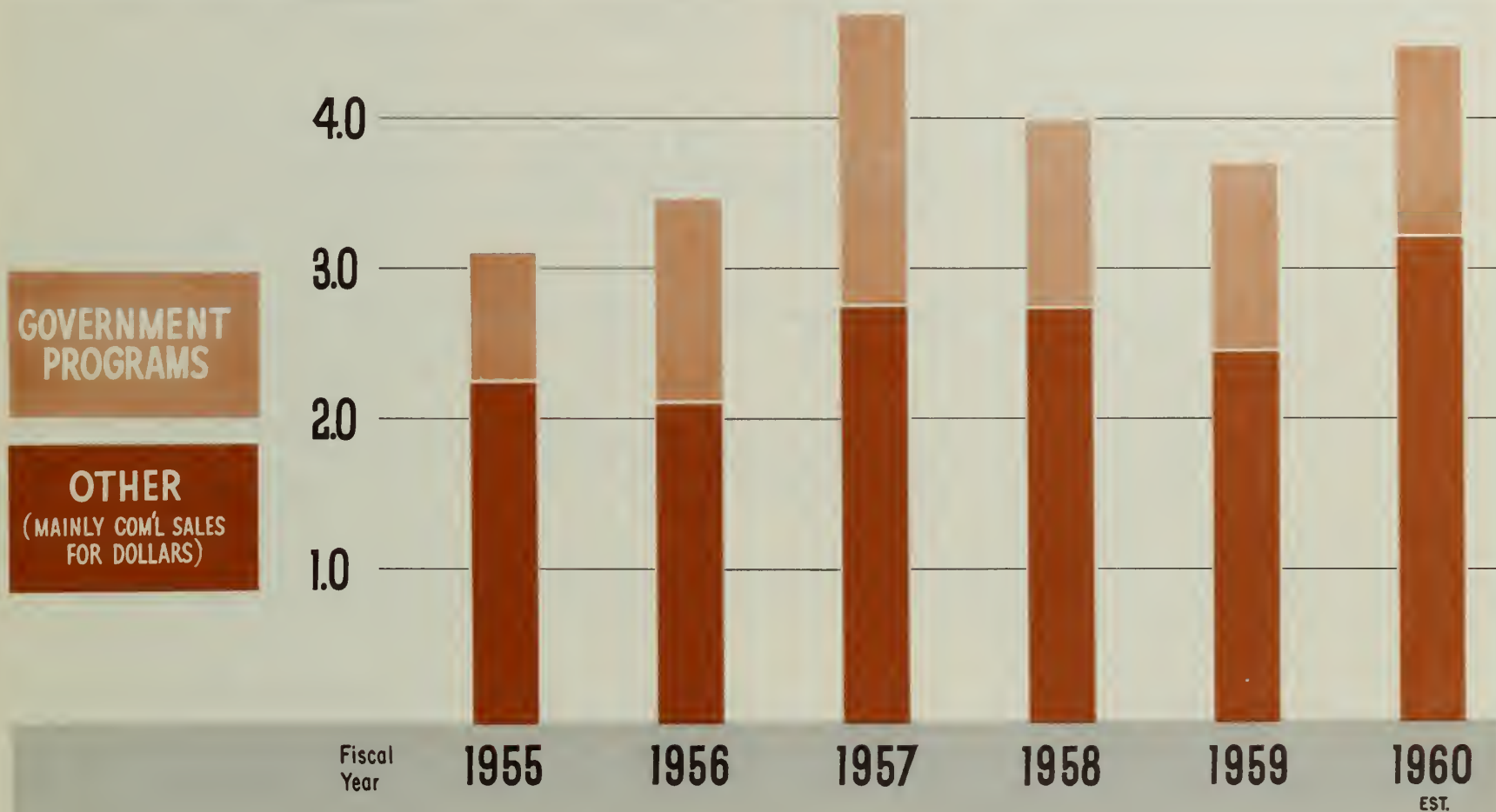
Surpluses of some commodities have developed, it is true. They have persisted for a decade despite programs to reduce acreages, adjust price support levels, and

U. S. agriculture exports its abundance through cash sales and special programs.



# U.S. FARM PRODUCT EXPORTS, FISCAL YEARS 1955-60

Billion Dollars



USDA

increase overseas marketings. It should be noted, however, that carryover stocks today would be much greater--in some commodities 100 percent to 150 percent greater--had action not been taken in farm program and agricultural export fields.

The Commodity Credit Corporation investment in price support loans and inventories is now near \$9 billion. In a joint study by the Department of Agriculture and the Bureau of the Budget, projected for 5 years on the basis of present legislation, this investment is expected to rise further.

The wheat carryover at the beginning of the 1960-61 marketing year was 39 million tons--more than an average U.S. crop. Supplies are expected to increase in the next 5 years.

The supply of feed grains as we enter a new marketing year totals 77 million tons--almost half a year's supply. Here again, supplies are expected to increase between now and 1965.

Cotton stocks on August 1, 1960, were estimated at 7.6 million bales. That's better than half of an average year's crop. By 1965, however, the cotton carryover is expected to be much smaller--a result of production controls and increased marketings.

## FOOD NEEDS ABROAD ARE SUBSTANTIAL

While America has abundance, many millions of people in the depressed nations live on subsistence diets. They need our farm products, our agricultural know-how.

The major surplus producing areas of the world include the United States, Canada, Argentina, Australia, New Zealand, Burma, and Thailand. These countries have about 270 million people and an annual surplus of

35 million tons of food above what now moves into consumption.

The food and dollar deficit areas take in certain countries of Asia, the Eastern Mediterranean area, and parts of South America. These major food and dollar deficit countries have about 755 million people and an annual internal food deficit of perhaps 60 to 80 million tons, in terms of wheat equivalent, to reach optimum nutritional levels.

Other countries of the world represent a variety of situations. For example, Cuba has a surplus of sugar but a deficit of wheat and rice. The United Kingdom and West Germany are deficit food producers, but they are economically developed and able to pay for their substantial imports. Some of the countries of Africa and Latin America are fairly self-sufficient. The Communist Bloc, generally speaking, produces the bulk of its supplies or goes without. Contrary to popular belief, there are no "starving millions." There are, however, many hungry people. There are even more people living on unsatisfactory diets.

The size of the world's task of feeding all of its people adequately can be estimated as an annual current need for about 5 percent more food or about 80 to 100 million tons of food above that now being moved into consumption, plus at least 25 million tons more each year to meet expected population increases.

A better-fed world is an achievable goal, but one that will be difficult to reach. It calls for major efforts to increase food production in deficit areas. It calls also for major efforts to distribute more food from the surplus areas.

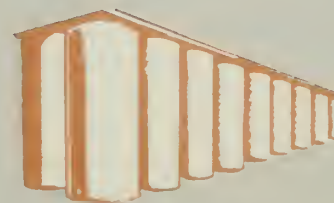
U. S. export programs are backed up by heavy stocks of some farm commodities.

# *CARRYOVER STOCKS at beginning of market year*

## **1960-61**

**WHEAT**

*39 Million Tons*



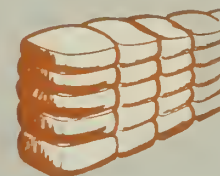
**FEED GRAINS**

*77 Million Tons*



**COTTON**

*7.6 Million Bales*





## U.S. AGRICULTURAL EXPORTS ARE BIG

The overall U.S. agricultural export picture is good. As time goes by it promises to be even better.

Agricultural exports climbed to a record \$4.7 billion in the 1957 fiscal year. Shipments held up reasonably well in 1958 and 1959. Exports in 1960 hit \$4.5 billion and set a new record for physical volume--a volume equivalent to about 11 shiploads per day, every day in the year. For 1960, shipments of wheat and cotton each were close to one-half of an average U.S. crop. Rice exports were more than half of production, soybeans over a third, and tobacco over a fourth.

Agricultural exports can be divided into two categories--commodities sold for dollars and products moved under special government programs. The special government-financed exports, which are the foundation of the Food-for-Peace program, include Public Law 480 sales for foreign currencies, donations, and barter, as well as Mutual Security Act sales for foreign currencies and economic aid.

Exports have slowed down the rate of agricultural surplus accumulations. But American agriculture has the capacity to produce faster than we can export--even when we grant products or ship them under concessional sales programs.

## U.S. EXPORT SALES FOR DOLLARS

The major part of U.S. agricultural exports are commercial sales for dollars. These include commodities moving under straight commercial transactions, plus shipments on which export payments are made so

as to keep U.S. prices competitive with world prices.

In a sense, these constitute Food-for-Peace at its best--mutually beneficial, multilateral trade using the efficiency of commercial trade channels. These commercial exports of agricultural products are increasing. One of the reasons for this is that agricultural industry and Government have been teaming up in recent years in coordinated drives to develop dollar markets in countries where incomes are improving.

**T**he special export programs help to support this effort. A small percentage of the foreign currencies being generated under our Public Law 480 Title I sales are being used in market promotion projects in many of the economically developed countries. Also, through economic analysis and foreign market information activities, the U.S. Department of Agriculture is helping U.S. private industry compete effectively in world agricultural trade.

In some instances, the increases in dollar exports have been striking. For example, dollar sales of soybeans, feed grains, cotton, and chickens have increased very sharply. A number of factors are involved in these increasing exports, but foreign market development certainly has played a significant part in the good record.

## SPECIAL U.S. EXPORT PROGRAMS

Special Government export activities include Public Law 480 sales for foreign currencies, donations, and barter, as well as Mutual Security Act economic aid and sales

The Food-for-Peace program helps balance the world's food surpluses and deficits.

# MAJOR FREE WORLD FOOD SURPLUS AND FOOD DEFICIT AREAS



USDA



for foreign currencies. About 30 percent of total U.S. agricultural exports are moved under special programs. These constitute the foundation of the Food-for-Peace program.

Public Law 480 sales for foreign currencies constitute the largest single segment of the special programs. By authorizing sales of surplus U.S. farm products to dollar-short countries for foreign currencies, Public Law 480 has widened market outlets for surpluses and has increased availability of food and fiber to our friends abroad.

Public Law 480 foreign currency sales agreements signed during the period July 1, 1954-May 31, 1960 had a market value of \$4.7 billion. The cost to the Commodity Credit Corporation of farm products represented by these agreements was \$6.7 billion.

India has been, by far, the biggest recipient of Public Law 480 commodities. It is the most heavily populated free world country; its need is greatest. Some countries, including Japan and Italy, have "graduated" from Public Law 480; that is, as their economies recovered from the effects of war, they became able to buy U.S. products for dollars.

The Mutual Security Act, like Public Law 480, also authorizes sales for foreign currencies. From 1954 through 1959 the United States sold about \$1.7 billion worth of food, feed, and fiber at market value under the Mutual Security Act.

Donations of emergency relief supplies are made to help our friends abroad when disaster strikes. In the fiscal year 1960 we provided food for victims of natural disasters in 11 countries. For example, we fed refugees in Hong Kong and the Middle East. We helped typhoon victims in the Ryukyu Islands and Japan, and earthquake victims in Chile and Morocco. We supplied food for charitable institutions and school lunch programs.

The U.S. Government also works with voluntary organizations in developing "people to people" food donation programs. These include such agencies as CARE, Catholic Relief Services, Church World Service, Lutheran World Relief, and the American Jewish Joint Distribution Committee. Also participating are the international organizations, UNRWA (United Nations Relief and Works Administration) and UNICEF (United Nations International Childrens Emergency Fund.) Seventy-five million American people support this program through their gifts, their work, and their membership in the voluntary agencies.

Under the two P.L. 480 donation programs, U.S. surplus food is being distributed in 92 countries and dependencies. Eighty million people abroad get a part of their food from this source. Commodities donated are identified as gifts of the American people.

We have bartered surplus agricultural products for strategic and other materials such as manganese, chrome, and industrial diamonds. These supplies, the same as supplies reaching underdeveloped countries through other programs, have helped to meet urgent needs.

In terms of feeding hungry people, results have been highly gratifying.

1. There have been no major famines in the world in the past decade.

2. Nutritional levels in the underdeveloped parts of the world have crept up.

3. Agriculture generally has kept abreast of or ahead of population increase in the underdeveloped areas.

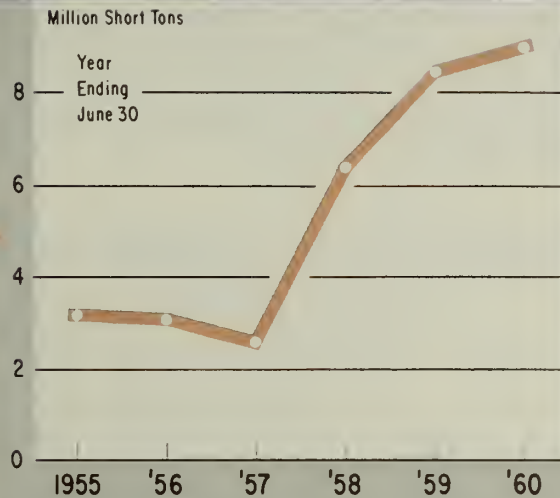
The United States has sought to operate its special agricultural export programs in a

Higher living standards abroad are expanding cash sales of some commodities.

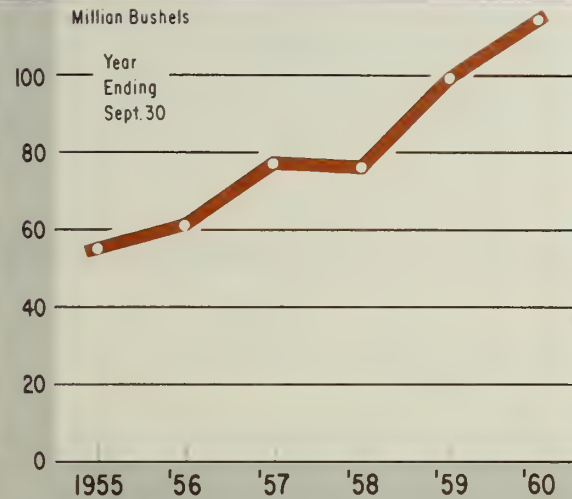
# DOLLAR SALES OF U.S. FARM PRODUCTS *UP*

## FEED GRAINS

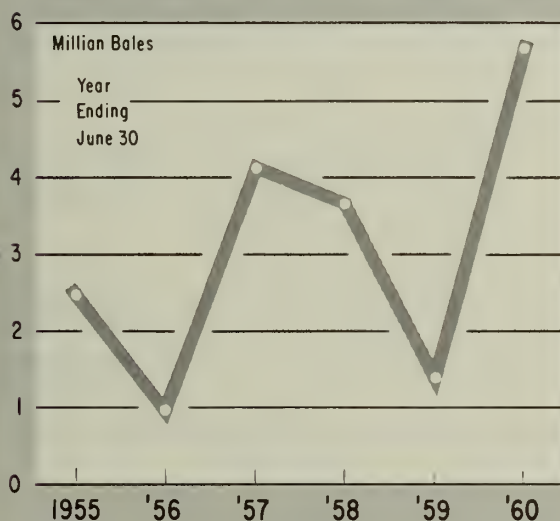
Includes corn, barley, oats, and sorghum grain



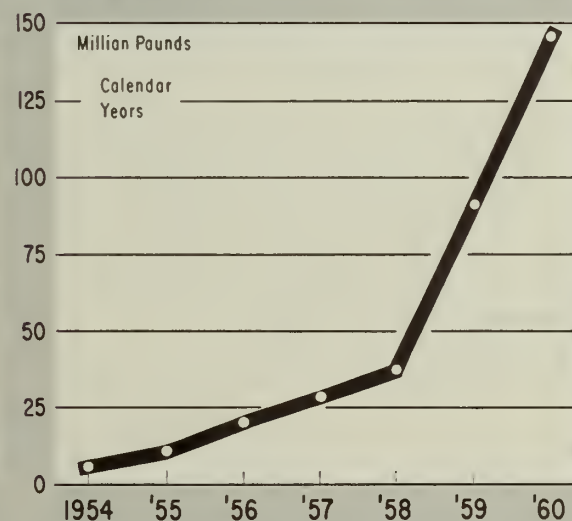
## SOYBEANS



## COTTON



## FRESH AND FROZEN CHICKENS





manner that would not disturb normal markets for U.S. exporters or the commercial trade of friendly foreign countries. Statistics on our most important food export crop, wheat, are evidence of this.

In recent years, U.S. exports of wheat have trended upward but increased shipments of U.S. wheat have not been at the expense of other countries. Canada's wheat trend has been steady. A slight downtrend in Argentina's and Australia's wheat exports reflects drought and short crops, not U.S. competition. "Other" countries, including the Soviet Union, have been doing well.

## TECHNICAL AND ECONOMIC AID

Food-for-Peace encompasses more than the shipment of food from surplus to deficit countries. The program also takes in measures to help needy countries help themselves.

About 1,200 U.S. agricultural technicians are stationed in 59 countries helping to modernize farming practices. This technical assistance has increased agricultural efficiency and food and fiber production. Emphasis is placed on diversification of crops and, as far as commodities in world surplus are concerned, upon production needed for consumption at home rather than for export.

Of the \$4.7 billion in foreign currencies generated under Public Law 480 programs, about half, \$2,366 million, is being loaned--in some cases granted--to foreign countries for economic development. The U.S. Government cooperates with foreign countries in determining how the funds shall be used. Of the \$814 million equivalent so far withdrawn, about 40 percent is being used to finance industrial development, 25 percent for various projects in agriculture, and smaller amounts for other purposes. Of the \$1.5 billion equiva-

lent remaining, more will become available as added deposits are made or funds already on hand are disbursed to foreign governments.

There has been direct dollar assistance. Through 1959 the United States approved loans for agriculture and irrigation abroad totaling \$265 million.

## HOW FOOD-FOR-PEACE HELPS U.S.

Accomplishments of the Food-for-Peace program have been significant in terms of benefits to the United States.

Exports have done much to keep commodity inventories at manageable levels. Without Public Law 480 exports, the investment of the Commodity Credit Corporation in surplus farm products would be about twice what it is now.

Export outlets are important to American agriculture, obviously. Exports put dollars in farmers' pockets. And when exports reduce supplies hanging over markets, domestic prices tend to strengthen.

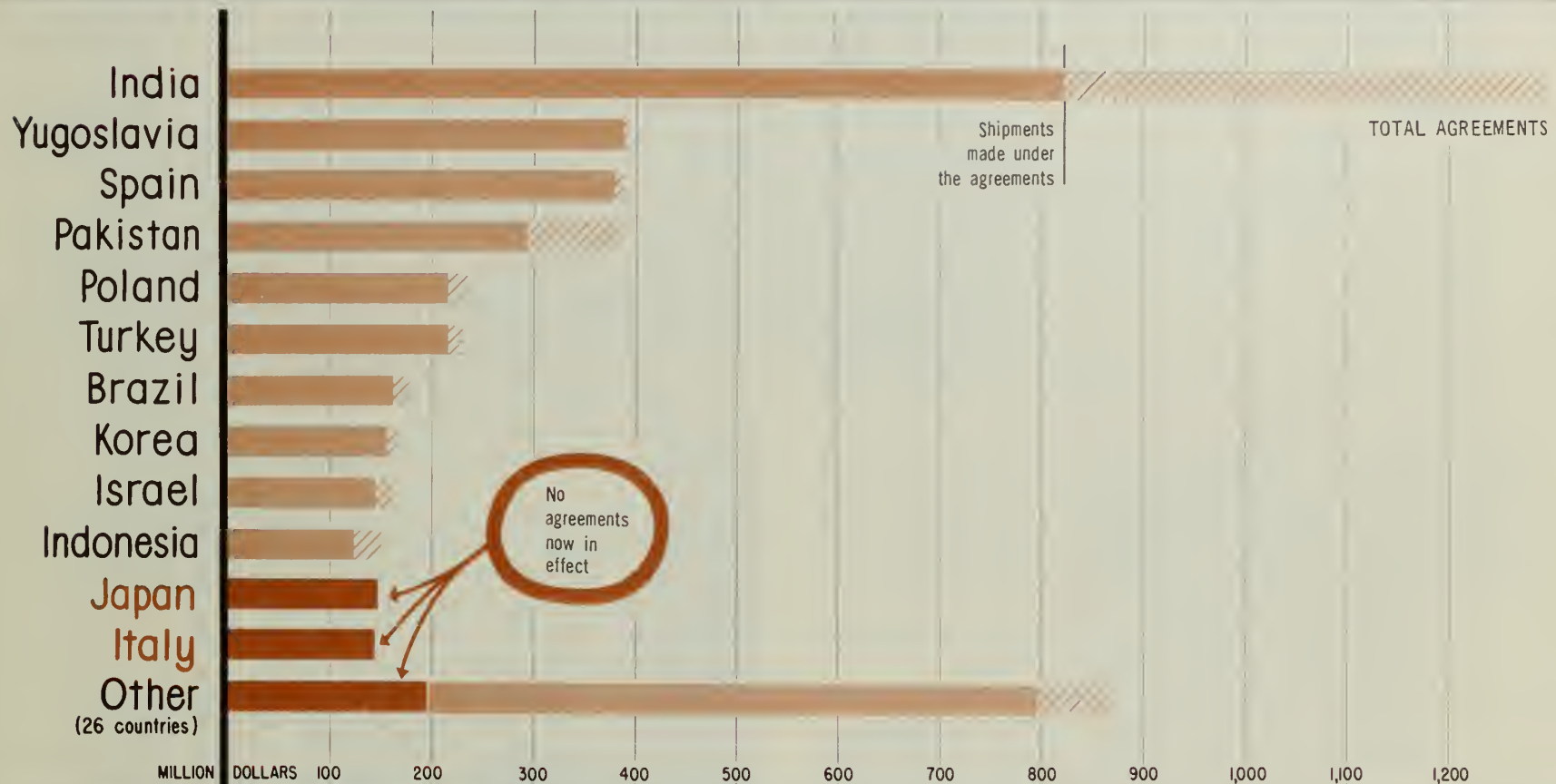
But the Food-for-Peace program is also helping to build permanent overseas markets for U.S. farm products.

Part of the foreign currencies generated through sales under Public Law 480 are being used, primarily in economically developed countries, to build markets in which U.S. farm commodities can be sold for dollars. In this effort, the Government has teamed up with agricultural industry on a scale never before attempted to call to the attention of potential foreign buyers the high quality and wide variety of the goods produced on American farms. Since 1955 a total of 370

Many nations buy U. S. farm surpluses with payment in their own currencies.

# TITLE I PL 480 AGREEMENTS JULY 1, 1954 - MAY 31, 1960

(MARKET VALUE PLUS OCEAN TRANSPORTATION)



**TOTAL AGREEMENTS: \$4.7 BILLION**



Government-industry projects have been carried on in 40 countries.

Market development projects include surveys of market potential, advertising campaigns, translation and distribution of promotional and educational leaflets, exchange visits of management and technical personnel of U.S. and foreign trade groups, and such basic promotional techniques as contests and public appearances of dairy "maids" and cotton "queens." The United States also takes part in trade fairs. To date, we have participated in 50 fairs, reaching some 25 million people.

**T**he Food-for-Peace program is promoting economic growth in the newly developing countries. This, too, eventually will mean enlarged, permanent markets. We already have seen that economic development stimulates dollar sales. Japan, Italy, and Austria, among other countries, "graduated" from sales for foreign currencies to sales for dollars after their war-disrupted economies had been rebuilt.

Today, Public Law 480 foreign currencies are contributing to economic development in Asia, the Middle East, Southern Europe, and Latin America. Here are a few examples:

India: Power projects, irrigation facilities, schools.

Indonesia: Rehabilitation of railways, highways, harbors, airports.

Israel: Agricultural development, electric power facilities, transportation.

Greece: Roads and bridges, electric power, agricultural development, vocational education.

Brazil: Grain elevators, transportation, electric power.

Economic development, in addition to creating permanent markets, is furthering our general foreign policy aims. One of the

keystones of our foreign policy is a strong free world--strong enough to stand against communist aggression and subversion. Development is bringing that strength.

We are promoting our foreign policy in another way: by helping needy countries with our surpluses, we are at the same time giving tangible evidence of our friendship and peaceful desires.

Following negotiation of the U.S.-Indian wheat-rice agreement recently, the INDIAN EXPRESS editorialized, "The Eisenhower-Patil food agreement stands out as an act of good faith in human relations. It is of high material value enhanced by the terms and the timing. It is of far greater import in terms of the spirit . . . of faith in human ideals and in the striving to retain them."

The Bangalore PRAJAVANI stated, "Present agreement is a memorable event in history of Indo-United States friendly relations."

The TIMES OF INDIA said, "No Government has ever been more generous in dealing with an underdeveloped country than the U.S. administration in negotiating this agreement."

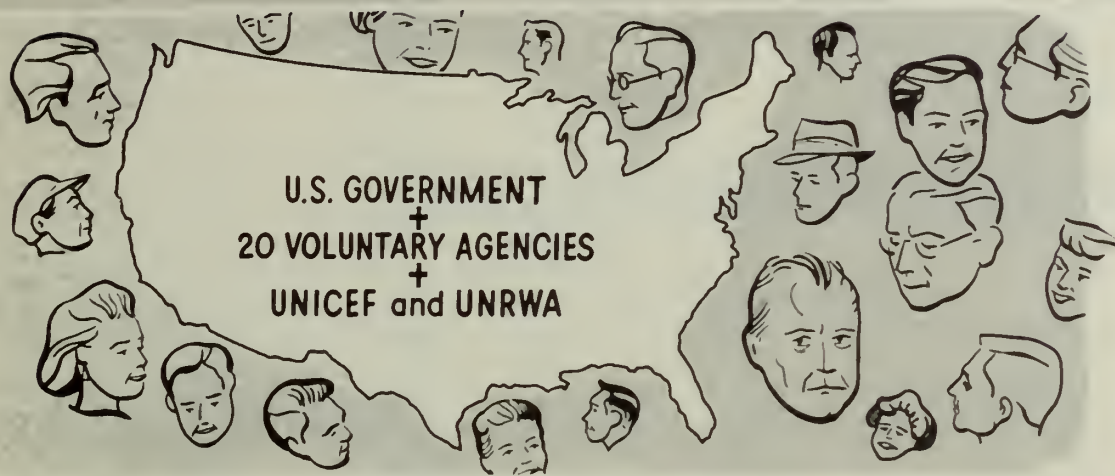
**T**he image that the United States is building among the hungry peoples of the world is tangible. It cannot be blotted out with propaganda. By using food as a major instrument of foreign policy we are doing what the communists would like to do but can't.

Our agricultural science is superior to Russia's. Our system of agricultural education is better. Our farmers have more overall know-how than their Russian counterparts. Our farms are better equipped. Our soil and climate are more favorable. Most important, private ownership--which brings with it the

Donation programs under P.L. 480 have moved products worth over \$2 billion.



# PEOPLE to PEOPLE PL 480 DONATION PROGRAMS



CUMULATIVE TOTALS  
THROUGH FY 1960

IN MILLIONS OF DOLLARS



EMERGENCY  
RELIEF  
(TITLE II)

VOLUNTARY  
AGENCIES  
(TITLE III)

IN 1960 ALONE, HELPED  
**80,000,000 PEOPLE**  
THROUGH PROGRAMS IN  
**92 COUNTRIES**  
AND DEPENDENCIES

profit motive and freedom of decision--gives our farmers a much stronger incentive than exists in Russia.

One U.S. farm worker today provides for himself and 24 other persons. The Russian farm worker produces for himself and only about 4 others. The ratio of productivity is 5 to 1 in our favor.

In the rivalry between East and West, agriculture is one area in which we have clear, demonstrated superiority. The Food-for-Peace program is giving us an opportunity to make that superiority felt.

## HAZARDS THE PROGRAM FACES

The Food-for-Peace program is not without its hazards.

1. We must not hurt the economies of other agricultural exporting countries by usurping their markets.

2. We must beware of making the developing countries dependent upon us, indefinitely, with their growing populations, for our continuing help.

3. We must avoid flooding the recipient countries with our food, depressing their farm prices and hurting their agriculture.

4. We must not stimulate uneconomic agricultural production abroad, thereby depriving the United States of legitimate export markets.

5. We must not give away, barter, or sell for foreign currency food and fiber that we could otherwise sell for dollars.

6. We must not, through the accumulation of excess supplies of foreign currencies, create fiscal problems for our own or for foreign governments.

7. We must not, by our use of these surpluses, provide a rationale for the continuation of unwise farm legislation.

8. But--we must not, because there are hazards, forego the use of our capability in the agricultural field. We must not bury our talent.

## WHAT THE FUTURE HOLDS

Accomplishments of the program have been demonstrated; for the greater part, the hazards have been avoided.

There are no major obstacles to continuation of the program. Legislative authorities are generally adequate. The program can and should be expanded, although expansion is likely to be modest rather than sensational.

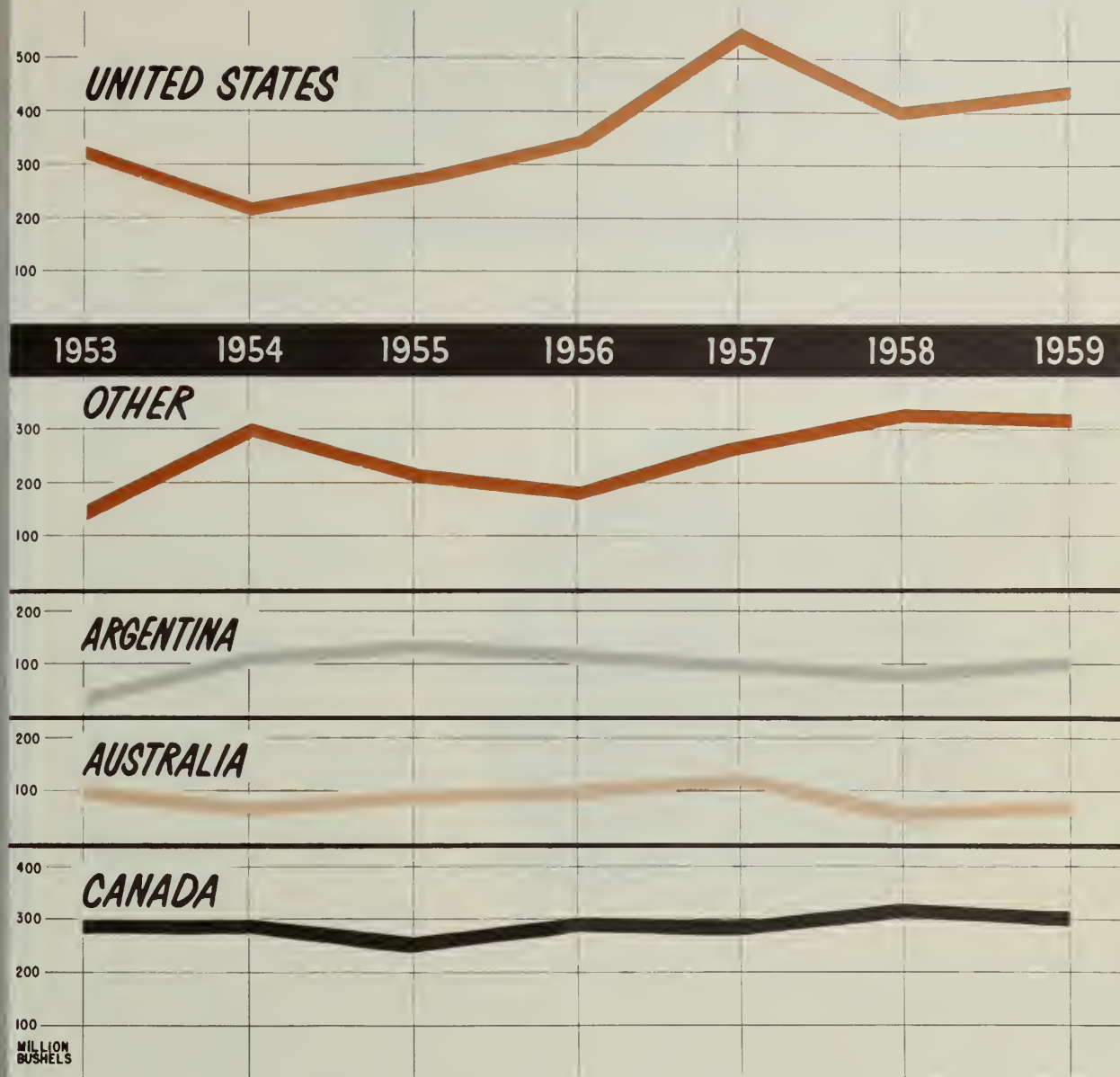
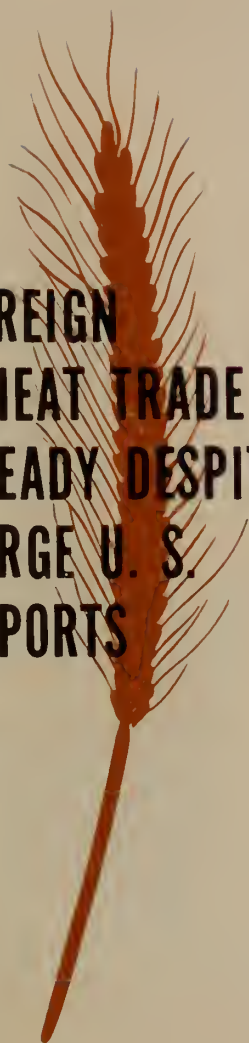
At the same time, overall performance can be improved. Part of this can come from greater public understanding of the program's objectives and accomplishments. Above all, better performance will come if all concerned are alert, not for problems, but for opportunities.

Arnold Toynbee has said, "Our age will be well remembered, not for its horrifying crimes nor its astonishing inventions, but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race."

The Food-for-Peace program was conceived in that spirit.

Safeguards in U.S. special export programs help avoid harm to normal markets.

**FOREIGN  
WHEAT TRADE  
STEADY DESPITE  
LARGE U. S.  
EXPORTS**

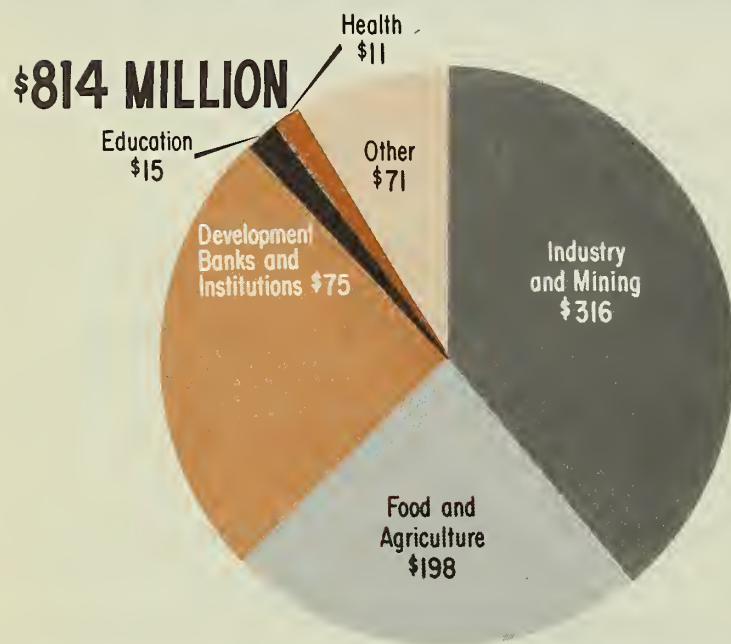




# PL 480 HAS HELPED PROVIDE LOCAL CURRENCIES FOR ECONOMIC DEVELOPMENT

(MILLIONS OF DOLLAR EQUIVALENTS)

*WITHDRAWALS THRU MARCH 31, 1960*



*TOTAL  
EARMARKED  
FOR  
ECONOMIC  
DEVELOPMENT*

**\$2,366**

*TO BE  
WITHDRAWN  
\$1,552*

*WITHDRAWN  
TO DATE  
\$814*

ICA

U. S. agricultural abundance not only helps feed people in developing countries but aids the countries in their efforts toward economic progress.

# U.S. FARMERS OUTPRODUCE RUSSIAN FARMERS **5** TO **1**



A U.S. FARMER  
PRODUCES ENOUGH  
FOR HIMSELF AND  
**24** OTHERS



A SOVIET FARMER  
PRODUCES FOR  
HIMSELF AND ONLY  
**4** OTHERS



Scientific progress and the incentives given by the private enterprise system provide the abundance that underlies the Food-for-Peace program.







